

PROPOSED REGULATORY LANGUAGE

Amend Sections 40 and 45 of Division 1 of Title 16 of the California Code of Regulations to read:

§ 40. Enrollment and Participation.

(a) ~~Commencing with the operative date prescribed by Section 45(b), a~~ A firm performing services as defined in Section 39(a) operating or maintaining an accounting and auditing practice shall have a peer review report accepted by a Board-recognized peer review program ~~within 36 months prior to its first reporting date and have a peer review report accepted by a Board-recognized peer review program once every three years in order to renew its license.~~

(b) ~~Each firm licensed after the operative date of this Article that performs services in an accounting and auditing practice shall have a peer review report accepted by a Board-recognized peer review program within 18 months of the completion of the services.~~

(c) ~~Should a firm begin performing services as defined in Section 39(a) of this Article after the operative date prescribed by Section 45(b), the~~ A firm performing services as defined in Section 39(a) for the first time shall have a peer review report accepted by a Board-recognized peer review program within 18 months of the completion of the services date it completes those services.

NOTE: Authority cited: Sections 5010 and 5076, Business and Professions Code.
Reference: Section 5076, Business and Professions Code.

§ 45. Reporting to the Board.

(a) ~~Based on the dates identified in subsection (b),~~ Beginning on January 1, 2014, at the time of renewal, a firm licensee shall report to the Board specific peer review information as required on Form PR-1 ~~(1/10)~~ (Rev. 1/12), which is hereby incorporated by reference.

(b) ~~The operative~~ Prior to January 1, 2014, the date of for existing California-licensed firms California licensees to begin reporting report peer review results, on the form indicated in subsection (a), shall be based on a firm's the licensee's license number according to the following schedule: for license numbers ending with 01-33 the reporting date is no later than July 1, 2011; for license numbers ending with 34-66 the reporting date is no later than July 1, 2012; for license numbers ending with 67-00 the reporting date is no later than July 1, 2013.

(c) ~~A firm licensed after the operative date of this Article that performs accounting and auditing services or a firm not previously required to undergo a peer review shall have a peer review report accepted by a Board-recognized peer review program no later than 18 months after the completion of the services as required by Section 40. Upon the acceptance of the peer review report, the firm shall report specific peer review information to the Board on form PR-1 (1/10). A licensee's willful making of any false, fraudulent, or misleading statement, as part of, or in support of, his/her peer review reporting shall constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act. Failure to submit a completed Form PR-1 (Rev. 1/12) shall be grounds for non-renewal or disciplinary action pursuant to Section 5100(g) of the Accountancy Act.~~

NOTE: Authority cited: Sections 5010, and 5076, and 5100, Business and Professions Code. Reference: Section 5076, Business and Professions Code.



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PEER REVIEW REPORTING FORM

ACCOUNTING FIRM INFORMATION

Do you operate as a firm (including a sole proprietorship)?

☐ Yes

☐ No (If no, please sign and date on the reverse of the form.)

Firm Name: _____

License #: _____ **Expiration Date:** _____

Business Telephone #: _____ **Business E-mail Address:** _____

Firm Type (check one):

- ☐ Sole Proprietorship
- ☐ General Partnership
- ☐ Limited Liability Partnership
- ☐ Corporation

Number of shareholders, partners, owners, and full-time licensees of the firm:

☐ 1 ☐ 2 ☐ 3 ☐ 4

☐ 5-10 ☐ 11-99 ☐ 100+

Did your firm perform any accounting and auditing services that require you to undergo a peer review?

☐ Yes

☐ No (If no, please sign and date on the reverse of the form.)

PEER REVIEW INFORMATION

1. Date Peer Review Report Accepted: _____

2a. Peer Review Report Rating:

- ☐ Pass (Go to question 3.)
- ☐ Pass w/deficiencies (Go to question 3.)
- ☐ Substandard (Go to question 2b.)

2b. Did your firm submit the peer review report to the Board within the required 45-day reporting period?

☐ Yes

☐ No (If no, please attach a written explanation as to why the report was not submitted timely.)

PEER REVIEW INFORMATION (continued)

3a. Was the peer review administered by the California Society of Certified Public Accountants using the American Institute of Certified Public Accountants Peer Review Program?

☐ Yes

☐ No (If no, see question 3b.)

3b. Was the peer review administered by another organization using the American Institute of Certified Public Accountants Peer Review Program?

☐ Yes (If yes, please provide the name of the American Institute of Certified Public Accountants administering entity.)

☐ No (If no, please provide the name of the Board-recognized peer review program that administered the peer review.)

4. What was the highest level of accounting and auditing service your firm provided during the three-year period encompassing your peer review?

☐ Audit

☐ Review

☐ Compilations w/disclosures

☐ Compilations w/o disclosures prepared using GAAP

☐ Compilations w/o disclosures prepared using OCBOA

5. What was the cost to have the peer review performed?

\$

6. How much time did your firm spend preparing for the peer review?

☐ 0 days

☐ 1-5 days

☐ 6-10 days

☐ 10+ days

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form, including supplementary attached hereto, are true, complete and accurate.

Signature

Date

PEER REVIEW REPORTING FORM
LICENSEE/FIRM INFORMATION

1. **Licensee/Firm Name:** _____
2. **Business Telephone #:** _____ 3. **Business E-mail Address:** _____
4. **License Number:** _____ 5. **License Expiration Date:** _____

6. **Does the licensee operate as an accounting firm?**

☐ **NO** (Check one below and go to number 15):

- ☐ Employee, partner or shareholder of an accounting firm
- ☐ Employee, partner or shareholder of a non-accounting firm
- ☐ Employee of the government
- ☐ Unemployed or retired
- ☐ Other _____

☐ **YES** (Select firm type below, then go to number 7):

- ☐ Sole Proprietorship
- ☐ General Partnership
- ☐ Limited Liability Partnership
- ☐ Corporation

7. **Number of shareholders, partners, owners, and full-time licensees of the firm:**

- ☐ 1 ☐ 2 ☐ 3 ☐ 4
- ☐ 5-10 ☐ 11-99 ☐ 100+

8a. **Has the firm performed accounting and auditing services, as defined in Business & Professions Code Section 39(a), that require a peer review since the last license renewal?**

- ☐ Yes (Go to number 8b.)
- ☐ No (Go to number 15.)

8b. **If the firm completed its first accounting and auditing service within 18 months prior to the expiration date of the license, indicate the date the service was completed:**

(NOTE: The firm must have a peer review report accepted by a Board-recognized peer review program provider within 18 months of this date and report the results at the time of the next renewal.)

(If applicable, go to number 15. If not applicable, go to number 9.)

PEER REVIEW INFORMATION

9. **Date Last Peer Review Report Accepted:** _____

10a. **Peer Review Report Rating:**

- ☐ Pass (Go to question 11a.)
- ☐ Pass w/deficiencies (Go to question 11a.)
- ☐ Substandard (Go to question 10b.)

PEER REVIEW INFORMATION (continued)

10b. Did your firm submit the peer review report to the Board within the required 45-day reporting period? ☐ Yes
☐ No (Please attach a written explanation as to why the report was not submitted timely.)

11a. Was the peer review administered by the California Society of Certified Public Accountants using the American Institute of Certified Public Accountants Peer Review Program? ☐ Yes
☐ No (Go to question 11b.)

11b. Was the peer review administered by another organization using the American Institute of Certified Public Accountants Peer Review Program? ☐ Yes (Please provide the name of the American Institute of Certified Public Accountants administering entity.)

☐ No (Please provide the name of the Board-recognized peer review program that administered the peer review.)

12. What was the highest level of accounting and auditing service your firm provided during the three-year period encompassing your peer review? ☐ Audit
☐ Review
☐ Compilations w/disclosures
☐ Compilations w/o disclosures prepared using GAAP
☐ Compilations w/o disclosures prepared using OCBOA

13. What was the cost to have the peer review performed? \$ _____

14. How much time did your firm spend preparing for the peer review? ☐ 0 days
☐ 1-5 days
☐ 6-10 days
☐ 10+ days

15. I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form, including supplementary information attached hereto, are true, complete and accurate.

Signature

Date

PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the California Board of Accountancy (CBA), to determine qualifications for a Certified Public Account License. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the application as being incomplete.

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the CBA, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24.

Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act.

The Executive Officer of the CBA is responsible for maintaining the information in this application, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.